

29th June, 1954

MEMORANDUM FOR: Colonel White

The agenda for this week's Career Service Board includes the following items:

1. The major item for consideration is the Report of the Insurance Task Force, Part II, "Final Recommendations as to Disability," dated 28th June, 1954, which is to come up for approval by the Board. Such approval, if it is forthcoming, is tantamount to acceptance of the so-called New Mutual of Omaha Hospitalization Plan, since the proposal would then move to the General Counsel for legal interpretation prior to your signature. The rather lengthy, and statistics-laden Report of the Insurance Task Force, Part II, is appended to the agenda as a separate attachment.

Certain items in the Report, and other facts which I have been able to glean from the Task Force, would seem to be of potential interest to you as background for tomorrow's considerations and the live presentation by members of the Insurance Task Force. Among them are:

- (1) An attachment to this memorandum of a listing of 23 points of comparison between the proposed New Omaha Plan and the present GHI coverage. This was supplied me by [redacted] a member of the Insurance Task Force, as being a better visual comparison of the features of both plans than anything provided in the Report. I understand that this document will form the blueprint of much of the presentation that will be made at the meeting by members of the Insurance Task Force. From a reading of these points of comparison, and from the always-enlightening personal experience of having been trapped in more than one of the GHI "exceptions" myself, the evidence seems to favor the New Omaha Plan, at least as herein presented.

- (2) In Paragraph (3)(a), on page 9 of the Report, you will note the balance sheet and operating statement of GHI for the years 1952-53. Even though it was incorporated by Act of Congress in 1936 as a "non-profit" organization, it is abundantly clear that GHI has been enjoying what might be described in restrained terms as a "favorable balance." This improvement in their position is coincident with the enrollment of some [redacted] employees in their program, along with what I am told is a very favorable "experience rating" in the CIA group. Of note also is the fact that [redacted]

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Superintendent of Insurance of the District of Columbia, to whom GHI makes an annual report at "any time" during the year following the annual audit. This was occasioned by the refusal of GHI to make such figures available to CIA through

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(4) An incidental benefit under the New Omaha Plan deserves notation. The Master Contract would provide coverage on maternity benefits, once the 9 month waiting period was served, to all eligible employees regardless of whether or not the pregnancy of the woman enjoyed the blessings of matrimony. The GHI Plan does not offer this coverage, and since the problem does exist, the New Omaha provision would appear to be advantageous to the Agency in unusual cases. In view of the 9 month waiting period in obstetrical cases under the New Omaha Plan, I understand that any Agency employee now covered by GHI and expecting a child within 9 months would be urged to keep his GHI coverage until after delivery, in the event the New Omaha Plan were to be approved. Neither plan provides for pre-natal or post-natal care.

(5) I discover as I become enmeshed in discussions about these plans that it is very easy to confuse the kind of coverages GHI and New Omaha can provide with accident and health insurance and health plans, such as the Health Insurance Plan in effect in New York City. The coverages we are considering are all concerned with hospitalization in the true sense of the word, and none includes the coverage provided by the other two types of plans I have mentioned, where office visits and treatments are covered. I think this distinction is important, since I feel sure that great stock will be laid by the advantages of the New Omaha Plan with regard to tuberculosis, mental or nervous disorders and quarantinable diseases, where a good bit of the treatment can be "at home" or in doctor's offices rather than in hospitals.

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- (6) One last feature of the New Omaha Plan that you may want to note is that while the continuous coverage period for hospitalization under New Omaha is 90 days, as opposed to 21 days under GHI, there is another hidden asset of New Omaha, which is that with a 1 day break at the end of 90 days, an individual can be rehospitalized for another 90 days, without having to experience a long waiting period as under GHI coverage. Also, New Omaha will pay up to 75% of all "extra costs" such as oxygen, intravenous feedings, etc., up to \$5,000 per person, over the \$202.50 provided for hospital extras under out-patient treatment.

In summary then, the evidence supplied by the Report, plus that which I have received from the Task Force, indicates that a strong case for adoption of the New Omaha Plan will be made, and it would seem feasible for me to suggest your approval, if such a suggestion be proper in this case. As a corollary of possible adoption, it might be well to mention that it has been estimated to me that we might expect the number of hospitalization-covered Agency employees to rise from the present [] (GHI and Old Omaha combined) to something like [] members. It was also suggested to me that when the Group Life coverage is finally worked out, the volume of Agency contracts in that area might well be expected to rise from the present \$17 million to about \$50 million. Therefore, it seems quite likely that the Office of Personnel may find themselves forced to request additional positions under the Agency ceiling, possibly in the number of two or three, to administer the combined insurance coverages.

2. The other two items on the agenda, those numbered 3 and 4, appear to be largely self-explanatory, with 3, having to do with further discussion of plans for meeting of senior supervisors with the Career Council to explain the new Career Program, depending somewhat upon the reaction of the DCI to the Regulations in support of the Career Program recommended to him []

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